



State of New Hampshire
State Government Energy Committee



Meeting Summary Notes
Committee Meeting

Monday, April 10, 2017
2:00 to 4:00 PM

Room 208C
NH Department of Environmental Services
29 Hazen Drive, Concord, NH 03301

Meeting Purpose:

Adopt 2017 Work Plan; introduce policy considerations relative to Renewable Energy Credits (RECs); Electric Vehicle (EV) and EV charging infrastructure acquisition; Volkswagen Mitigation Trust Fund.

Attendees:

Co-Chairs: Clark Freise (Dept. of Environmental Services) and Myles Matteson (Office of Energy & Planning).

SGEC Members: Craig Bulkley (Liquor Commission); Bill Cass (Dept. of Transportation); David Clapp (Dept. of Health & Human Services); Karen Cramton (Public Utilities Commission); Rick Fink (Fish & Game Dept.); Steven Lavoie (Dept. of Safety); Seth Prescott (Dept. of Resources & Economic Development); Major General William Reddel (Adjutant General)

Staff: Arlene Allen (Dept. of Transportation); Tim McDonald (NH National Guard); Tara Merrifield (Dept. of Admin Services); Chris Moore (Dept. of Admin Services); Rebecca Ohler (Dept. of Environmental Services); Deandra Perruccio (Public Utilities Commission); Karen Rantamaki (Dept. of Admin Services); Chris Skoglund (Dept. of Environmental Services); Liz Strachan (Dept. of Environmental Services)

Meeting Agenda:

1. Welcome & Introductions - *SGEC Co-Chairs Myles Matteson, OEP & Clark Freise, NHDES*
2. Approval of the State Government Energy Committee FY 2017 Work Plan (**Action item**)

Chris Skoglund (Climate and Energy Program Manager, NHDES) presented overview of Work Plan and asked for any questions or changes

Tara Merrifield (State Fleet Manager, DAS) offered one change to the wording on page 3, which currently stated

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To be approved at July SGEC meeting

“...develop performance metrics for new vehicle purchases that apply to all Agencies and Departments....”, to reflect that the performance measures being developed will apply to all vehicles in the fleet not just the new vehicles.

Bill Cass (Assistant Commissioner, DOT) asked whether the dates were still achievable and staff confirmed they were, having been adjusted in January.

Motion for adoption with minor edit explained above, seconded, and approved.

3. Renewable Energy Credits (RECs) and the requirement to reduce fossil fuel use - *Karen Rantamaki, State Energy Manager, DAS/Karen Cramton, Director of Sustainable Energy Division, PUC*

Karen Rantamaki (State Energy Manager, DAS) gave a presentation on the Renewable Energy Credits (RECs) that are available under the State's Renewable Portfolio Standard (RPS). The NH Public Utilities Commission has oversight of the RPS that requires regulated electric utilities either produce a certain percentage of renewable energy, or purchase RECs on the market from other generators equal to the amount of renewable energy required under the RPS.

At issue is whether the State of New Hampshire, or individual state agencies, should sell RECs from qualifying state-owned renewable energy facilities or retain the RECs and claim the renewable energy use. In order to make some Purchase Power Agreements (PPA) cost effective it is necessary to sell the RECs. A PPA is an agreement whereby a third party installs a renewable energy system on a property (e.g., solar panels, wind turbine) and the host pays the third party for the energy produced at a previously agreed upon rate. A PPA also allows the State to indirectly benefit from tax credits, which can't be claimed by State because the third party can use the available tax credits and other available financial incentives to reduce the rate charged for the energy. In some cases this includes selling the RECs. A PPA does not require the host to invest any capital upfront and generally allows the host to realize a cost savings from its operating budget.

However, if a REC is sold then the state can no longer claim the renewable energy attribute. Currently that renewable energy attribute is counted toward the fossil fuel reduction requirements of Executive Order 2016-3. One option is to sell higher priced NH-generated RECs and purchase less expensive Midwest voluntary market RECs to meet the EO obligations. It was noted out that the purchasing of RECs from the voluntary market in the Midwest would send the money out of New England.

Karen Cramton (Sustainable Division Director, PUC) explained that the PUC's renewable energy fund grant program doesn't require grantees to sell the RECs, but does require the grantee register to sell RECs. Most of the time, grant recipients end up selling the RECs to offset costs of project. The current value of RECs in NH ranges from \$25-\$45, depending on the class. Some voluntary markets sell solar RECs for \$20-25 and other RECs can be less than \$1/REC.

A question was asked regarding the number of RECs a project like the NH DMV solar PV array would generate and Karen Cramton said it was a 57KW system and she did not have the figures in front of her, but it could be about 70 RECs per year.

MAJ GEN Reddel (Adjutant General) suggested that the funds from REC sales should not go to the General Fund. He also suggested that when going to legislation to get something passed concerning money from the sale of RECs funding additional energy projects, it would be best to show the cost avoidance benefit of keeping the money for more energy projects.

Myles Matteson (Director, OEP) pointed out the two benefits of RECs were that they allow goals to be met and costs avoided.

It was suggested that, at the very least, the state-owned renewable-energy projects should get certified to sell RECs, otherwise the electric utilities can claim that renewable energy generation toward their compliance obligations.

Rebecca Ohler noted that the Executive Order says the state government needs to lead by example, and asked, “what is the best way to lead by example?” Is it best accomplished by selling the RECs to enable the State to install more renewable-energy projects at state facilities, or is it by retaining the RECs (and presumably installing fewer renewable energy projects) and publicly highlighting the reduction in fossil fuel energy used.

4. Electric vehicle acquisition, electric vehicle charging infrastructure, and providing for workplace charging, and
5. Volkswagen Mitigation Trust Fund - *Rebecca Ohler, Technical Services Bureau Administrator, NHDES*

Rebecca Ohler presented information regarding energy use and associated pollution from the transportation sector, noting that about 29 percent of energy use by NH state government is for vehicles. The majority of smog-forming air pollution as well as the majority of greenhouse gas emissions are from the transportation sector in NH. Executive Order 2016-3 directs agencies to pursue clean vehicle technology, with electric vehicles (EV) highlighted, for use in state fleets, including installing necessary EV charging infrastructure. An overview of the current availability of EVs and associated electric vehicle supply equipment (EVSE) needed to charge those vehicles was provided, including the cost of the EVs and EVSE as well as a discussion of the total cost of ownership. The EO also directs agencies to consider installation of work-force charging at locations with 50 or more staff. Broader consideration of use of EVs in the state fleet as well as development of charging infrastructure was discussed. Private sector companies routinely bid to provide charging infrastructure for state agencies and/or work-force charging so this is one model to explore.

Discussion then turned to development of the EV market and availability of EVSE in the Northeast. NH is surrounded by states that have adopted California Low Emission Vehicle standards and six Northeast states (VT, MA, RI, CT, NY, MD along with CA and OR) are signatories to the Zero Emission Vehicle Memorandum of Understanding (ZEV MOU) that have committed to having 3.3 million zero emission vehicles on the road by 2025. Given current technology and cost the majority of those will be EVs. A map of currently available charging infrastructure in the Northeast was shown, and NH is clearly behind in the development of this support network. As residents of neighboring states switch to EVs, their choice on where to

travel for vacation or other purposes will be influenced by their ability to use their vehicles in a given location.

Ms. Ohler then provided an overview of the recent Volkswagen Consent Decree and settlement, under which the State of New Hampshire (presuming the State opts to become a Beneficiary) would be eligible to utilize approximately \$30 million over a 10 year period for projects to reduce vehicle emissions, primarily oxides of nitrogen (NOx) from the transportation sector.

Karen Rantamaki noted that we need to make sure if we start putting a lot of charging stations at state buildings the energy used for these is subtracted from the building energy so it doesn't look like the building is all of a sudden using more energy.

Clark Freise (Assistant Commissioner, NHDES) indicated that he recently spoke to a VW representative about Electrify America (a program that is part of the settlement agreement under which VW will invest directly in infrastructure to support EVs). The Electrify America representative made it clear that they are putting the money for EV infrastructure in areas where the infrastructure is already started. Basically if an area hasn't already invested in infrastructure, they are less likely to invest as well.

MAJ GEN Reddel stated that the potential loss of electric car driving tourists from other states is the key to this when talking to legislation about investing in infrastructure

Craig Bulkley (Liquor Commission) noted you need to put actual numbers together of what will be lost with the tourists

6. Open Discussion – SGEC members can introduce any topic for discussion

Craig Bulkley stated that currently the money for renewable projects can only go into projects on state owned buildings, but some of the entities have long lease agreements (i.e. liquor store with a 20 year lease), shouldn't we consider doing renewable projects that pay off in 20 years at some of these locations?

7. Updates – *As needed*

- a. State Energy Manager – *Karen Rantamaki*
- b. State Fleet Manager – *Tara Merrifield, State Fleet Manager, DAS*
- c. Legislative Update – *Rebecca Ohler*

8. Other Business

Next Meeting -

- Date: July 10, 2017
- Location: NH Public Utilities Commission, Hearing Room A, Walker Building, 21 South Fruit Street
- Topics: RECs and fossil fuel energy reduction targets; EV charging access for state employees.